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DIRECT COMMUNICATIONS INC.
P.O. Box 269
269 West Center
Rockland, Idaho 83271
Phone: (208) 548-2345—FAX (208) 548-9911

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July 27, 1998

Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW Room 222
Washington, DC 20554

Dear Ms. Salas:

In response to the Commission's Notice of Proposed Rulemaking in CC Docket No. 98-77, Direct Communications (Rockland Telephone) has prepared the following comments.

Any questions should be directed to me at (208) 548-2345.

Sincerely,

Leonard May

Leonard May
Manager
Direct Communications

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Access Charge Reform for Incumbent	)	CC Docket No. 98-77
Local Exchange Carriers Subject to	)	
Rate-of-Return Regulation	)	

Comments of Rockland Telephone Company

Rockland Telephone Company is a small rural local exchange carrier serving 1,315 access lines in the state of Idaho. These comments focus on the impact of certain proposals included in the Notice of Proposed Rulemaking (NPRM) for access reform for rate-of-return incumbent local exchange carriers.

Specifically, we oppose the proposed rule change to allocate a portion of the General Support Facilities to the Billing and Collection category. While this procedure may be appropriate for price cap companies who provision the Billing & Collection service using their own computers, it is not appropriate for the small rural LECs that rely heavily on service bureaus for the provisioning of this service. Small LECs have very little opportunity to reduce billing & collection costs because they are dependent on outside service bureaus for providing this service. Other rule changes over the years have tended to allocate more and more cost to the interstate billing and collection category to the point that many small companies can no longer make a profit on the service. This proposed change to the Part 69 allocation rules will provide many small LECs with the unintended incentive to terminate Billing & Collection agreements with IXC's.

In 1996 Rockland Telephone Company had \$10,103 revenue for the interstate billing and collection service compared to a cost of \$11,929 resulting in a loss of \$1,826 before the OB&C change and the proposed GSF change. The change in OB&C rules applied to the 1996 costs results in an interstate billing and collection cost of $15,430 which increases the loss on the service to $5,327. Taking this analysis the next step and folding in the proposed GSF change results in a cost assigned to interstate billing and collection of $22,304, increasing the loss on the service to $12,201.

We ask the Commission to reject the proposed change which would jeopardize the billing and collection service currently provided to interexchange carriers.

Respectfully submitted,

Leonard May

Leonard May

Rockland Telephone Company